

USAID/COSTA RICAFY 1995 ABSMISSION DIRECTOR'S NARRATIVEPREFACE

This ABS is submitted to AID/W under circumstances dictated by budget realities and global, rather than regional, AID/W guidance. While the policy and programs in this document reflect the most recent Action Plan decisions and guidance as well as the current policy framework for Central American programs, we question whether these provide an adequate basis to prepare realistic budget projections. Without clear Agency guidance concerning the future AID presence in Central America, we may well make personnel and program direction decisions that prove unsustainable and costly to correct.

The decision making process now underway in AID/W will have long term implications for AID programs in Central America. We believe there must be more of a link between short term budget realities and long term strategic thinking about how to manage what is an obvious process of significant reduction of AID's profile in Central America over the next five years. We must decide where we are going and what to do when we get there. Given the level of investment already made, and the proximity to our borders, this absence of a strategic view is particularly disturbing.

Given the lack of specific guidance for the region, current budgets seem to be predicated on a continuance of a largely bilateral AID relationship with Central America. There is no effort underway, that we are aware of, to regionalize services (or send them back to AID/W), no connection between program levels and presence, no USG policy framework which connects the parts into any whole for AID to support, and no one to talk to who can articulate anything other than budget numbers. This is not an indictment; it is the reality we face.

We believe Central America is a candidate region to move towards a regional AID Mission within the next five years. However, and given the deeply entrenched bilateral interests impeding any self generated and critical analysis, it will not happen at all unless it is adequately directed. To move beyond the current dominant status quo we need to set regionalization as a goal around which to organize our resources, strategies and policies to accomplish it in a measured and deliberate way. This effort should be the subject of high-level review carried out by an independent task force, and done before December 31, 1993. To that end we have submitted a proposal to AID/W and the other Central American Missions by cable (San Jose 6476, dated 8/30/93) which urges immediate action. In sum we believe, "It is time for the Bureau to lead an in-depth review of AID

presence in the Central America/Panama region, and to define clearly what that presence should be in three, four and five years from now. The absence of this policy guidance will continue ad hoc decisions on personnel and program direction which will prove unsustainable and costly to correct."

Why do we feel a sense of urgency in Costa Rica? The degree that Costa Rica can be considered to be a candidate for such a regional post will be overtaken by events in the next 12 months. In effect, any advantages offered by: 1) the current first-class facility; 2) a highly trained local staff; 3) \$10 million in OE trust funds; 4) excellent communications and transportation links; 5) a stable political environment; 6) installed regional services of RIG, OFDA and Panama regional accounting; 7) established regional headquarters of most of the Central American institutions that AID deals with; 8) a home base of most of the European aid programs for the area; 9) excellent schools and medical services; and 10) the only major post in Central America without a differential, will be vitiated by the budget-only based decisions which are driving AID/W at this time and which graduate Costa Rica to ADC status in 1995.

In effect, during the next 12 months we will need to begin close-down procedures which will have a cascading and immediate upward effect on the RIG and OFDA re their OE budgets, entail discussions with the GOCR on ultimate disposal of the \$10 million facility and \$10 million in trust funds, force the Embassy (and RIG) to seek new warehousing facilities at considerable cost to the USG, move all accounting functions (including RIG, OFDA and Panama) to another USAID, and terminate highly skilled and experienced FSN's who are one of AID's best regional resources for the long haul in Central America. Most importantly, we will have to inform the new GOCR of our intentions and of their new "graduate" status.

We realize this is a time of transition in AID/W, however, we would be remiss in not pointing out the costs of the current situation and urging that the CA Task Force be established as soon as possible.

### USAID/CR POLICY OBJECTIVES

The year 1993 marks an end to the ten year era of extraordinary levels of US foreign assistance which responded to the virtual bankruptcy of the Costa Rican economy in 1981. This expenditure of over \$1.3 billion has ushered Costa Rica back into economic stability and reliance on its more traditional sources of investment and development assistance.

USAID/Costa Rica has framed its most recent actions under four overriding policy objectives which have guided the program consolidation activities. The first challenge has been to insure that Costa Rica's nascent reform efforts continue and deepen in anticipation of approval and implementation of IBRD and IDB structural programs, not only to protect the considerable efforts and reforms undertaken to date, but also to redirect Costa Rica to its normal private sector source of new investment and growth. The second policy objective has been to disengage U.S. assistance without undercutting

the many public and private sector institutions created at considerable cost to the U.S. and Costa Rican governments over the past ten years. The third policy objective has been to consolidate (within the framework of the reform of the state strategic objective) critical democratic institutions and to facilitate regional access to the Costa Rican experience. The fourth policy (and strategic) objective is to help Costa Rica implement its commitment to maintain its natural forest and biodiversity habitat.

In an effort to gracefully pass the baton, we specifically designed the last two years' (FY 91 and FY 92) ESF conditionality and technical assistance efforts to position Costa Rica to be eligible for IBRD and IDB resources associated with Enterprise for the Americas benefits of trade, investment and debt reduction. Working in close cooperation with the IFIs, who have on several occasions noted and appreciated A.I.D.'s lead policy advocate role, we have targeted and achieved significant reforms in tariffs, price controls, central bank activities, pension systems, public employment levels, customs, foreign exchange markets, tax rationalization and privatization. In each of these areas, A.I.D.'s presence, policy dialogue, specialized technical assistance and conditionality set the stage for negotiation of the major reform loans recently approved by the IBRD and IDB Boards. We will continue to dedicate funds under our Policy and Training Support (PATs) project for technical assistance to help Costa Rica meet the conditions for these loans, each of which involves very extensive and complex conditionality.

Finally, and in the context of "rightsizing", we continue to seek a "soft landing" for a program which spiked in 1985 at over \$200 million per year, and which has left a legacy of institutions and programs which have transformed important aspects of Costa Rican economic and social sectors. There exists a series of public and private institutions in higher and primary education, social welfare, housing, public policy, privatization, microenterprise, state reform, investment and export promotion, banking and finance, etc., capitalized by A.I.D. and the GOCR using ESF-generated HCOLC resources, which are making major contributions to Costa Rican reform efforts. As we disengage from this era, we will continue to do so in a manner which seeks to sustain these institutions and transfers any residual A.I.D. involvement or monitoring to other actors. In addition, there is a need to oversee a DA portfolio which remains highly relevant to Costa Rica's continued development. In many ways, this "soft landing" is the major strategic policy objective for the next two years, hopefully leading towards a new US/Costa Rican development relationship, which could take the form of a Foundation established to oversee development activities in the environment and democracy sectors.

### **STRATEGIC OBJECTIVES**

This ABS continues to show three strategic objectives of the USAID/CR program as constituting our core program in the 1994-95 period. Those Strategic Objectives are that of Increased Economic Competitiveness, A More Streamlined, Responsive and Efficient Government, and Maintenance of Natural Forest Habitat. Despite our continued focus in these areas, the Mission is planning on revising these objectives during the 1995-96 Action Plan exercise for a number of reasons, most salient of which are the following:

While the Mission continues to have a place at the table with the GOCR in the economic policy area (they continue to be strongly interested in our advice), the Costa Rican government has successfully complied with the vast majority of the conditions of our ESF agreements. This has led to significant improvement in the trade and investment area and increased participation by the private sector in the traditionally statist financial sector. It has also contributed to the over 7 percent rate of growth in GNP during 1992 and continued rapid growth in 1993. We believe AID is on the threshold of declaring "victory" in improving economic competitiveness. Earlier plans for a new start in this area in the form of an Industrial Strengthening Project will not be completed, because of our sense of consolidation in the sector, plans for changes in program and personnel levels and sensitivity to the new guidance of section 599 of the FAA. We also realize that other donors can now lead in these reform initiatives.

The Mission will complete current efforts to reform legal and regulatory obstacles to trade through a small local currency grant, and will bring to a logical conclusion our extensive involvement in the non-traditional export area. Our last dollar agreement with CINDE ends in September of 1994. Policy dialogue on the reform of the formal and informal financial sector through the ongoing Financial Services Project will continue, and the production of Costa Rica's next generation of professional economists through the Training for Development component of the PATS project will proceed. It should be noted however, that due to possible DA programming constraints for FY 94 and FY 95, both of these projects may be scaled back.

Secondly, our efforts and those of the GOCR in creating a more streamlined, efficient and responsive government (the second strategic objective) have yielded impressive results: lowering of the numbers of public sector employees (with the concomitant effect on the public sector deficit), greatly enhancing the functioning of the customs sector; privatizing state owned enterprises; and initiating budget reform. However, virtually every policy reform begun through the Mission's dialogue with the GOCR has been included in the IBRD SAL III agreement, thus allowing the Mission to reduce its medium term involvement in the reform effort. In light of the limited resource levels remaining for these activities, the Mission expects to scale back its involvement to the provision of technical assistance in support of GOCR implementation of its structural adjustment program.

In the future, the part of this objective focused on the strengthening of democratic institutions will increase in importance. This strategic objective, which has both bilateral and regional implications, will highlight assistance to Costa Rica to further improve the efficiency of its democratic institutions and facilitate access by other LAC countries to the Costa Rican experience through the many regional democracy institutions based here. Ongoing Mission activities focus on administrative reform in the Costa Rican Legislature and Supreme Court. With this submission we are proposing a FY 95 new start in the democracy area, the Reinventing Local Government Project, which can assist Costa Rica to also be a model for decentralization of essential services.

Finally, the Maintenance of Natural Forest Habitat strategic objective is the only area

where we clearly foresee continuing involvement and new bilateral project activities over a long time horizon. This recognizes Costa Rica's unique eco-system and biodiversity, the political will demonstrated in the prescient establishment of their park system, plus the wide range of environmental groups, both national and international, that use Costa Rica as a laboratory and training ground.

### **A Regionalization Proposal**

Emerging from the turmoil which affected all of Central America in the 1980s, Costa Rica is now the one Central American country which exhibits the democratic, social and economic characteristics and strengths associated with self sufficiency and passage into the ranks of the More Developed Countries (MDCs). We emphasize here the rubric of MDC as opposed to ADC or "graduate" status that the ABS guidance uses to categorize Costa Rica (somewhat surprisingly we might add).

Categorization of Costa Rica as a Graduate Country, per the tables in the ABS guidance, is surprising not only in light of the lively discussion regarding Costa Rica's status during the March Action Plan review, but also because it appears inconsistent with those definitions described in the Administrator's June 18, 1993 memo. We tend to see Costa Rica as an MDC by virtue not only of Costa Rica's "higher than threshold income level" but also because of its "good communications" and "high level of institutional and human resource development." There is a strong argument to be made for the existence of a significant global problem and opportunity, represented by the highest rate of deforestation in the Western Hemisphere and the demonstrated commitment by Costa Rica to improved environmental management and biodiversity conservation. Costa Rica could become a model for improved natural resource management by a developing country.

Given this setting, as well as the emphasis on and successes in the environmental and democracy areas, the Mission's programmatic strategy is to further concentrate its increasingly limited financial and staff resources in these areas over the FY 94 to FY 96 era.

From an organizational perspective, and again given the high level of institutional and human resource development, the Mission believes that this is a propitious time for serious consideration of transforming this USAID post into a regional, i.e. Central American Mission. Regional functions are already performed through the offices of OFDA and as of this summer, the Regional Inspector General's office. From a programmatic standpoint, our Democracy Initiatives have always had a regional reach through the \$20 million RAJO Project. This focus will be enhanced with this year's signing of an amendment to the Partnership for Democracy and Development, which will seek to accomplish a wide consensus on justice strengthening activities throughout the isthmus. Regional democracy institutions based in Costa Rica include ILANUD (justice sector reform), CAPEL (elections), the IHR (human rights), and the FIU journalism project and AOJ field office. While the ROCAP agricultural office recently moved its operations to

Guatemala, the Mission's dealings with IICA, INCAE and CATIE, (institutions which have provided leadership for forty years) continue on a regular basis. This is also true in the case of the EARTH school (a project with a Latin American reach) which continues to be a USAID/Costa Rica responsibility.

In the not too distant future, the USG will need to decide what kind of development relationship, if any, to maintain with Costa Rica to the year 2000 and beyond. For the near term, however, transforming USAID/Costa Rica into a regional Mission could accelerate further "rightsizing" of other Central American Missions, and may make eminent sense right now in terms of both the Nicaragua and Panama Missions. Subject to what most surely is a rightsizing exercise for both of those programs, USAID/Costa Rica is ideally situated for taking on some of the programmatic functions of those Missions. Indeed, this Mission's highly competent FSN staff has in the past provided technical assistance to these Missions in the areas of accounting, data processing and inventory control.

Furthermore, the simple fact remains that the physical facility is here in San Jose. A U.S. government \$10 million asset less than 5 years of age with facilities for training and conference purposes is available for the entire region. Costa Rica is secure, with complete freedom of travel throughout the country, and a wide range of recreational opportunities. In terms of costs, the Costa Rica USAID is a reasonably low cost mission for direct-hire costs, inasmuch as no differential is paid and no R&R is provided to employees. It enjoys a well-educated, energetic workforce. Housing is relatively inexpensive, and its good schools are available at about \$5,000 per year for tuition. Costa Rica offers the full range of reliable business services, including excellent telecommunications, courier, and public accounting services.

### **PROJECT PORTFOLIO**

The Mission continues to tighten and focus its program on the three strategic objectives described in the 94-95 Action Plan. There is a declining level of activity from the present pipeline of \$51 million involving 23 projects with a mortgage of \$16 million to cover commitments (as of the end of FY 93). A total of four projects have been closed out in June and July 1993, with another nine scheduled for close out by January 1994. Moreover the Mission continues to intensify the process of settling local currency trusts and credit lines and management responsibilities where possible. These actions, a great deal of which were taken since the March 1993 Action Plan review, are described in San Jose Cable 6094. The overall effect is that by the end of FY 94, USAID/Costa Rica will be implementing new projects under only two strategic objectives, democracy and environment, with most of the portfolio emphasis and new initiatives centered on the environment policy area (it should be noted that we will continue implementing a significant part of our current portfolio in democracy and economic growth policy areas even at reduced funding levels).

Under the best case scenario of 100% funding, the Mission will 1) drop the economic

growth strategic objective and put forward no new projects in that area during FY 94 or FY 95, 2) support one small, new democracy initiative in FY 95, and 3) start two new environmental projects, one in FY 94 and the other in FY 95. Under all other funding scenarios except the worst case (FY 94-75% and FY 95-50%), the Mission will focus on the environment policy area, which clearly becomes the keystone of our program as we move into a period of declining resources.

Support to environmental activities is based on Costa Rica's positive experience in the conservation and thoughtful utilization of its renown biological resources. This country which is only the size of West Virginia, is home to five percent of all the world's known species. Through its efforts to establish an array of national parks and biological reserves during the 1970's and 1980's, Costa Rica gained worldwide recognition as a leader in tropical conservation. While other countries in the region may host populations of the same species, it is the existence of its national park system and the strengths of corollary local research and training institutions which have distinguished Costa Rica as the best place to invest in conserving biologic diversity. U.S. interests in maintaining Costa Rica's biologic diversity have been eloquently articulated by those North American NGO's and biological scientists who have collaborated in these conservation efforts over the past two decades. More recently private companies, particularly pharmaceutical firms such as Merck and Bristol-Myers Squibb as well as U.S. tourism firms, have expressed their interests in investing in and benefitting from Costa Rica's impressive biological legacy. In the case of Merck, they have already committed to investing over \$1 million in biodiversity conservation here. Through two new initiatives during FY 94 and FY 95, the Mission will continue expanding the current portfolio of supplementary public investments designed to "maintain natural forest habitat," the Mission's third strategic objective. The new initiatives will complement on-going domestic and foreign for profit and non-profit efforts to help assure that the country's biologic conservation efforts, including those in privately held forest lands outside the national parks, are brought to fruition. We believe these activities can serve as regional and global examples of how best to reduce the loss of biologic diversity.

It is important to note that the ability of the Mission to work in this critical area declines significantly at each reduced funding level. The two initiatives described in the project narrative section of this document support actions to strengthen the institutional and administrative capacity of the national park system. Maintenance of a strong national park system is crucial to protecting biodiverse ecosystems in Costa Rica. As many as 500,000 plant and animal species may exist in these areas and it is estimated that only one-fifth of approximately 300,000 insect species have been described. The development of methods to protect these eco-systems on a sustainable basis is critical to biodiversity conservation and exploitation in Costa Rica and around the world.

Our most important new initiative, the Biodiversity Protection and Management Training Project, supports the systematic sharing of effective park management and research methodologies with park managers and conservation biologists. It also provides environmental legal training for judges and municipal officials. The teaching and technology diffusion methods developed and implemented under this project can increase

the effectiveness of park management in protected areas worldwide. This is the one initiative we intend to fund at every scenario except the worst case.

The second initiative, the Public Demand for Environmental Services Project, supports efforts to widen the public awareness of the resource at stake in Costa Rica's national park system. The purpose of the project is to increase among Costa Ricans the demand for services provided through the maintenance of natural forest habitat. It will expand support for public and private conservation activities through civic education, group mobilization and media campaigns. Again this is an activity that requires the development and implementation of programs that can serve other countries in their efforts to mobilize public support for bio-diversity conservation. As illustrated in Tables 1, 2 and 4, this initiative can only be funded at a 100% funding level for either FY 94 or FY 95 with not less than a 75% funding level in the second year.

With what we see as a worst case scenario for FY 94 and FY 95, that is a 75% and 50% reduction respectively from our current DA levels, we would not move forward with any new initiatives and we would be forced to begin truncating projects. This will mean authorization and project agreement amendments to a number of projects which are currently scheduled for termination between 1996 and 1998. Specifically, this will mean less funds for PATS, CAPS and Financial Services and no new starts.

#### **IMPACT OF OPERATING EXPENSE CONSTRAINTS ON MANAGEMENT OF MISSION'S PROGRAMS**

##### **FY 94/95 BASE LEVELS (75% of FY 93 Combined OE/Trust Fund Levels)**

The Mission followed LAC Supplemental Guidance in allocating the potential 25% cuts in FY 94 and FY 95 OE levels. As a first step in reducing costs, this guidance allocated OE cuts via USDH FTEs. The application of the LAC guidance resulted in the Mission retaining the highest allowable level of USDH FTEs. The levels of USDH personnel went from 9 planned FTE's to 6 in FY 95.

The remainder of the necessary cuts were attained by reducing operating expenditures and by properly allocating overhead costs to the regional organizations which occupy the Mission's premises. Specifically, the Mission opted to defer FY94 NXP procurements to FY95. In line with the 40% reduction in USDH personnel and the concomitant limitation of travel to essential business the Mission is able to cut the FY94 AND FY95 travel budget to 30% of FY 93 levels.

At the end of FY 93, the Regional Inspector General (RIG) moved its operations from Tegucigalpa to San Jose given the superior communications and infrastructure here. Beginning in FY94, the RIG will have to defray a substantial portion of USAID/Costa Rica's general and administrative costs. These costs are fixed in nature and will be subject to only minor increases due to the relocation of the RIG. These reductions in Mission costs include the split funding of USPSC contracts of administrative personnel in



both the Controller and Executive Offices. It should be noted that much of the Executive and Controller Office staffs will be required to service the 18 USDH RIG office, rather than the 6 USDH bilateral Mission. In addition, the regional Office of Foreign Disaster Assistance (OFDA), which also occupies space in the USAID/Costa Rica building, and USAID/Panama, which receives certain accounting services from the Mission, will also assume their proper share of the Mission's overhead costs. Prior to this time, the Mission has absorbed these overhead costs in its budget.

For the last several years the Mission has anticipated a downward trend in its operations. The FSN and USPSC staffing patterns for FY94 and FY95 followed this downward trend in Mission activity. This trend toward the reduction in FSN and USPSC staffing levels resulted in a substantial contraction of FY94 and FY95 OE costs. The combination of staff savings, cuts in the NXP and travel budgets and the proper overhead allocation of USPSC and other general and administrative costs to the RIG, OFDA and USAID/Panama, has allowed the Mission to retain a core level of USDH FTE's despite the potential 25% reduction in OE funding. The Mission anticipates that the impact of operating expense constraints on the management of the Mission's Programs, while severe, can be absorbed while maintaining the essential aspects of the Mission program.

In conclusion, assuming these reductions in OE as well as the potential reduction in DA levels, the Mission will be forced to reduce its program scope, but will be able to maintain focused attention on the most critical bilateral and regional strategic objectives.

#### **FY 1994 PL 480 REQUIREMENTS**

USAID/Costa Rica does not have Title II nor Title III Programs.

**USAID/COSTA RICA  
FY 1995 ABS**

**FY1995 New Start**

**Project Title:** Reinventing Local Government  
**Project Number:** 515-0276  
**Fiscal Years:** FY 95-98  
**LOP Funding:** \$2,000,000

**A. Relationship to Mission Strategic Objectives:** This project directly supports the Mission's democracy goals embodied in the Strategic Objective to promote "a more streamlined, efficient and responsive government."

**B. Conformance with Agency Policy Areas:** This project will strengthen the development of local democratic institutions in Costa Rica by improving their efficiency, effectiveness, transparency and accountability. This is in total conformance with the increased Agency policy emphasis on democracy.

**C. Project Description:** The purpose of this project is to increase the autonomy and effectiveness of local government institutions, along with their responsiveness and accountability to the local citizenry. At present, centralized control of the provision of local goods and services is pervasive and overwhelming in Costa Rica. This system is enforced through legal and political structures that give local public entities little control over affairs and local citizenry little confidence in the competence and effectiveness of local government institutions. Unfortunately, while strong central structures may have served Costa Rica reasonably well in the past, increasing stagnation, bureaucratic inertia and inefficiencies at the central level act as a drag on economic growth at both the national and local levels. Successful modernization of economic and political structures appropriate to a global economy require the devolution of resources and decision making to the private sector and to local government institutions which are better positioned to respond to rapidly changing needs and opportunities.

This project will have two major components: policy analysis and implementation reform. The policy analysis component will review political, legal and regulatory structures that impede decentralization and develop recommendations to overcome them. The implementation reform component will seek to design and implement models and pilots for strengthening local governments within the existing political, legal and regulatory framework. This component will demonstrate the value of enhanced citizen participation and control of local government by improving the timely provision of services to meet perceived local needs. Establishment of enhanced legal and political authority for local governments, including systems for substantially increasing locally controlled revenues, will ensure the sustainability of this project.

**D. Expected Outputs:** Outputs of the project will include new functioning models of strong local governments suitable for adoption or replication on a wider scale throughout the country as well as improvements in the legal and regulatory environment which grant increased political and financial autonomy to local governments.

**E. Performance Measurement:** Indicators that will be used to measure performance include strategies and action plans adopted by local public entities to strengthen their service delivery capabilities and responsiveness to local citizenry, the amount of resources transferred from central to local control and an increase in citizen participation in local government affairs.

**USAID/COSTA RICA  
FY 1995 ABS**

## FY1994 New Start

**Project Title:** Biodiversity Protection and Management Training  
**Project Number:** 515-0274  
**Fiscal Years:** FYs 1994 - 1997  
**LOP Funding:** \$1,200,000

**A. Relationship to Mission Strategic Objectives:** USAID/Costa Rica's current Action Plan identifies the "maintenance of natural forest habitat" as one of the Mission's three strategic objectives. The proposed project would address a major short-term constraint to realizing this objective, the lack of knowledge and skills of key private and public sector employees responsible for managing protected areas and enforcing and adjudicating conservation law.

**B. Conformance with Agency Policy Areas:** The strategic objective and the proposed project fully conform to the Agency's new focus on global environmental problems, as well as the current Environmental Strategy for Latin America and the Caribbean (January 1993), which identifies the "concentration of tropical forests and other critical habitats for biological diversity" as its first priority.

**C. Project Description:** The project purpose is to relieve a short-term human resource constraint to more effective management of protected areas throughout Costa Rica and the Central American region. The first of the project's two components will consist of a matching Program Grant to support the Monte Verde Cloud Forest Preserve, the oldest privately owned natural reserve in Central America and one of the most outstanding wildlife sanctuaries in the New World Tropics, in establishing the facilities and programs required to systematically share its positive management and research experience with other private and public sector park managers and conservation biologists. The project's second component would be carried out under an Operational Program Grant by the International Union for the Conservation of Nature (IUCN). In 1990, IUCN began providing environmental legal training to Central American judges and municipal leaders under a pilot project that ended in December 1992. However, given the importance of the national park system and the integrity of the system in maintaining Costa Rica's rich biological legacy, there is an obvious need to expand IUCN's training activities here in Costa Rica to cover all eight conservation areas. The training targets local judges, municipal officials, and parks and forest service personnel. Both activities are relatively short-term, designed to fill critical shortfalls in the knowledge and skills levels of primarily government functionaries. It should be noted, however, that the training capability created through this project may also serve a longer term function of a regional nature.

**D. Expected Outputs:** Project outputs will include: (1) construction of the Biodiversity Management Training Center (as part of a new visitor center), (2) the design and institution of training programs for public and private sector park managers, (3) the design and institution of training programs in applied conservation biology research methods, (4) approximately 100 local judges and municipal officials, and 200 parks and forest service personnel trained and more effectively adjudicating conservation law infractions, and (5) increased use of standardized procedures of case preparation, collection and preservation of evidence.

**E. Performance Measurement:** Performance measures under consideration include: (1) Monteverde Training Center designed and constructed, and training program initiated, (2) an increase in the number of cases involving conservation laws infractions effectively adjudicated by the courts, and (3) an increase in revenues generated by national parks as a percentage of the system's operating costs (as an indicator of improved management efficiency).

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**USAID/COSTA RICA  
FY 1995 ABS**

**FY 1995 New Start**

**Project Title:** Public Demand for Environmental Services  
**Project Number:** 515-0275  
**Fiscal Years:** FY 1995 - 1997  
**LOP Funding:** \$500,000

**A. Relationship to Mission Strategic Objectives:** USAID/Costa Rica's current Action Plan identifies the "maintenance of natural forest habitat" as one of the mission's three strategic objectives. This strategic objective will be sought through the achievement of two program outputs, "improved management and integrity of the natural park system" and "legal, market and price environment conducive to sustainable private forestry." In a country with the democratic traditions of Costa Rica an important condition for achieving and sustaining these program outputs is sufficient public interest in and support for the national park system and efforts to curb deforestation. In recent years Costa Rica has received worldwide recognition as a leader in tropical conservation, but it is not all clear that sufficient public support exists to sustain the gains made to date, let alone continue breaking new ground.

**B. Conformance with Agency Policy Areas:** The strategic objective and the proposed project fully conform to the Agency's new focus on global environmental problems, as well as the current Environmental Strategy for Latin America and the Caribbean (issued by LAC in January 1993) which identifies the "conservation of tropical forests and other critical habitats for biological diversity" as its first priority area.

**C. Project Description:** The purpose of the project is to increase among Costa Ricans the demand for services provided through the maintenance of natural forest habitat. This would be accomplished through a cost effective set of investments in developing the latent market or demand for these services.

**D. Expected Outputs:** Given that sufficient resources from other donors are programmed against formal environmental education, the design of this project would focus on less formal methods of building public awareness of Costa Rica's pressing environmental issues, particularly those related to the maintenance of natural forest habitat. Reflecting on the explosion of public interest in environmental issues in the U.S. during the late 1960's and early 1970's, it is clear that peoples' reactions were prompted by something other than formal classroom instruction. During project design those groups most likely to be won over to the need for maintaining natural forest habitat and their relative level of influence on public opinion and public policy will be assessed and cost effective strategies for informing and motivating these groups will be identified. The effectiveness of social marketing techniques, group mobilization, media campaigns, teach-ins and other less formal means of market and demand creation or "consciousness raising" will be assessed accordingly.

**E. Performance Measurement:** Performance measures being considered for the project include significant increases in (1) the space and time devoted to environmental matters by local print and electronic media, (2) the number of paid visits made by Costa Ricans to their national parks, (3) the level of individual and corporate contributions made by Costa Ricans to local environmental NGO's, (4) the time in the national assembly devoted to debating environmental legislation, and (5) the level of public and private investment the provision of environmental services.

**USAID/COSTA RICA  
FY 1995 A&S**

**FY 1994 PROGRAM BY STRATEGIC OBJECTIVE**

<b>Strategic Objective</b>	<b>Policy Area</b>	<b>FY 1994</b>	
		<b>100%</b>	<b>75%</b>
1. Increased Economic Competitiveness	Growth	1,670	1,481
2. A More Streamlined, Responsive and Efficient Government	Democracy	1,445	1,345
3. Maintenance of Natural Forest Habitat	Environment	2,235	1,186
<b>TOTAL</b>		<b>5,350</b>	<b>4,012</b>

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**USAID/COSTA RICA  
FY 1995 ABS**

**FY 1995 PROGRAM BY STRATEGIC OBJECTIVE  
With FY 1994 at 100% of Base**

		Base: 100% FY 1994 CP Level					
		80% of Base		75% of Base		100% of Base	
Strategic Objective	Policy Area	Ongoing	New	Ongoing	New	Ongoing	New
1. Increased Economic Competitiveness	Growth	800	0	845	0	845	0
2. A More Streamlined, Responsive and Efficient Government	Growth	230	0	245	0	345	0
	Democracy	825	0	1,163		1,200	800
3. Maintenance of Natural Forest Habitat	Environment	1,020	0	1,460	300	1,860	500
<b>TOTAL</b>		<b>2,675</b>	<b>0</b>	<b>3,713</b>	<b>300</b>	<b>4,250</b>	<b>1,100</b>

**FY 1995 PROGRAM BY STRATEGIC OBJECTIVE  
With FY 1994 at 75% of Base**

		Base: 100% FY 1994 CP Level					
		80% of Base		75% of Base		100% of Base	
Strategic Objective	Policy Area	Ongoing	New	Ongoing	New	Ongoing	New
1. Increased Economic Competitiveness	Growth	825	0	1,045	0	1,045	0
2. A More Streamlined, Responsive and Efficient Government	Growth	230	0	245	0	345	0
	Democracy	850	0	1,063	0	1,300	0
3. Maintenance of Natural Forest Habitat	Environment	870	0	1,160	500	1,510	1,150
<b>TOTAL</b>		<b>2,875</b>	<b>0</b>	<b>3,513</b>	<b>500</b>	<b>4,200</b>	<b>1,150</b>

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**COSTA RICA (515)  
FY 1994: ANNUAL BUDGET SUBMISSION**

**TABLE V: PROPOSED PROGRAM RANKING**

RANK		PROGRAM FUNDING	
PROJECT	TITLE	APPROP (\$000)	INCR
<b>MCC LEVEL</b>			
515-0000	PROGRAM DEVELOPMENT AND SUPPORT	FN	75
515-0000	PROGRAM DEVELOPMENT AND SUPPORT	SD	75
515-0212	TRG FOR PRIVATE SECTOR DEVELOPMENT	EH	175
515-0241	POLICY AND TRAINING SUPPORT	SD	1,325
515-0263	REGULATION FOR FORESTRY MANAGEMENT	FN	600
515-0255	FOREST CONSERVATION AND MANAGEMENT	FN	300
515-0244	JUSTICE SECTOR IMPROVEMENT	SD	600
515-0247	FINANCIAL SERVICES	SD	712
515-0262	NATIVE TREES REFORESTATION	FN	150
<b>TOTAL MCC REQUEST</b>			<b>4,012</b>
<b>INCREMENT LEVEL</b>			
1. 515-0263	REGULATION FOR FORESTRY MANAGEMENT	FN	250
2. 515-0255	FOREST CONSERVATION AND MANAGEMENT	FN	50
3. 515-0244	JUSTICE SECTOR IMPROVEMENT	SD	100
4. 515-0274	BIODIVERSITY PROTECTION & MGMT TRNG	FN	600
5. 515-0247	FINANCIAL SERVICES	SD	188
6. 515-0262	NATIVE TREES REFORESTATION	FN	150
<b>TOTAL INCREMENT REQUEST</b>			<b>1,338</b>
<b>TOTAL REQUEST</b>			<b>5,350</b>

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ADRES COSTA RICA (00010)		FY 1994 BASE (7/91)			FY 1994 TARGET		
(100%) EXPENSE CATEGORY	FUND OBJ FUNCTION	DOLLARS	TRUST FUNDS	TOTAL	DOLLARS	TRUST FUNDS	TOTAL
U.S. DIRECT M/RE	0000	00.0	00.4	100.7	100.4	00.2	204.0
OTHER MISSION FUNDED CODE 11	0100 110	0.0	0.0	0.0	0.0	0.0	0.0
EDUCATION ALLOWANCES	0100 100	0.0	00.4	00.4	0.0	00.2	00.2
LIVING ALLOWANCES	0100 100	0.0	0.0	0.0	0.0	0.0	0.0
OTHER MISSION FUNDED CODE 12	0110 120	10.4	0.0	10.4	00.0	0.0	00.0
POST ASSIGNMENT - TRAVEL	0110 212	10.0	0.0	10.0	10.0	0.0	10.0
POST ASSIGNMENT - FREIGHT	0110 200	0.0	0.0	0.0	0.0	0.0	0.0
HOME LEAVE - TRAVEL	0110 210	0.1	0.0	0.1	10.0	0.0	10.0
HOME LEAVE - FREIGHT	0110 200	0.0	0.0	0.0	0.0	0.0	0.0
EDUCATION TRAVEL	0110 210	1.2	0.0	1.2	0.0	0.0	0.0
R AND R TRAVEL	0110 210	0.0	0.0	0.0	0.0	0.0	0.0
OTHER CODE 210 TRAVEL	0117 210	2.0	0.0	2.0	0.0	0.0	0.0
P. N. DIRECT M/RE	0000	0.0	210.0	210.0	0.0	207.0	207.0
BASIC PAY	0000 114	0.0	241.0	241.0	0.0	238.0	238.0
OVERTIME, HOLIDAY PAY	0000 110	0.0	12.0	12.0	0.0	12.0	12.0
ALL OTHER CODE 11 - PN	0000 110	0.0	1.0	1.0	0.0	1.0	1.0
ALL OTHER CODE 12 - PN	0000 120	0.0	0.0	0.0	0.0	0.0	0.0
BENEFITS FORMER PN PERSONNEL	0000 100	0.0	7.0	7.0	0.0	0.0	0.0
CONTRACT PERSONNEL	0000	200.0	1,150.0	1,400.0	400.1	1,200.2	1,700.3
U.S. PBC - SALARY/BENEFITS	0000 110	200.0	0.0	200.0	200.1	0.0	200.1
ALL OTHER U.S. PBC COSTS	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
P.N. PBC - SALARY/BENEFITS	0000 110	0.0	000.0	000.0	0.0	1,070.0	1,070.0
ALL OTHER P.N. PBC COSTS	0000 200	0.0	00.0	00.0	0.0	00.0	00.0
MANPOWER CONTRACTS	0000 200	0.0	120.0	120.0	0.0	100.0	100.0
HOUSING	0000	110.0	00.4	170.0	104.7	00.0	210.0
RESIDENTIAL RENT	0000 200	110.0	0.0	110.0	100.0	0.0	100.0
RESIDENTIAL UTILITIES	0000 200	0.0	37.2	37.2	0.0	0.0	0.0
MAINTENANCE AND RENOVATION	0000 200	0.0	1.0	1.0	0.0	1.0	1.0
QUARTERS ALLOWANCE	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
SECURITY GUARD SERVICES	0000 200	0.0	14.2	14.2	0.0	10.0	10.0
OFFICIAL RESIDENCE ALLOWANCE	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
REPRESENTATION ALLOWANCES	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
OFFICE OPERATIONS	0000	00.0	000.1	000.0	00.0	001.2	000.0
OFFICE RENT	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
OFFICE UTILITIES	0000 200	0.0	00.0	00.0	0.0	100.0	100.0
BUILDING MAINT./RENOVATION	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
FURNITURE/VEH. REPAIR/MAINT.	0000 200	0.0	00.0	00.0	0.0	00.0	00.0
COMMUNICATIONS	0000 200	0.0	00.0	00.0	0.0	00.0	00.0
SECURITY GUARD SERVICES	0000 200	0.0	00.0	00.0	0.0	00.0	00.0
PRINTING	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
SITE VISIT - MISSION PERSONNEL	0000 210	10.0	0.0	10.0	00.0	10.0	00.0
SITE VISIT - ACP PERSONNEL	0000 210	7.0	0.0	7.0	00.0	0.0	00.0
INFORMATION MEETINGS	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
TRAINING ATTENDANCE	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
CONFERENCE ATTENDANCE	0000 210	7.0	0.0	7.0	00.0	0.0	00.0
OTHER OPERATIONAL TRAVEL	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES AND MATERIALS	0000 200	0.0	100.0	100.0	0.0	100.0	100.0
FARE	0000 200	0.0	00.0	00.0	0.0	00.0	00.0
CONTRACT - CONSULTING SVCS.	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACT MGT. SVCS.	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
SPEC STUDIES/ANALYSIS - CONT.	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
ADP HARDWARE LEASE/MAINT.	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
ADP SOFTWARE LEASE/MAINT.	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
TRANSP. FREIGHT - ALL US00	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
ALL OTHER CODE 20	0000 200	0.0	0.0	0.0	0.0	0.0	0.0
NEP PROCUREMENT	0000	0.0	0.0	0.0	00.0	0.0	00.0
VEHICLES	0000 210	0.0	0.0	0.0	00.0	0.0	00.0
RESIDENTIAL FURNITURE	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
RESIDENTIAL EQUIPMENT	0000 210	0.0	0.0	0.0	10.0	0.0	10.0
OFFICE FURNITURE	0000 210	0.0	0.0	0.0	1.0	0.0	1.0
OFFICE EQUIPMENT	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
OTHER EQUIPMENT	0000 210	0.0	0.0	0.0	0.0	0.0	0.0
ADP HARDWARE PURCHASES	0000 210	0.0	0.0	0.0	00.0	0.0	00.0
ADP SOFTWARE PURCHASES	0000 210	0.0	0.0	0.0	10.0	0.0	10.0
TRANSP. FREIGHT - ALL US00	0000 210	0.0	0.0	0.0	17.0	0.0	17.0
TOTAL OPERATING EXPENSE BUDGET		204.0	2,000.0	2,000.0	1,000.0	2,000.0	2,000.0
LESS FARE	0000 200	0.0	00.0	00.0	0.0	00.0	00.0
GRAND TOTAL OF DE EXPENSE BUDGET		204.0	1,900.0	1,900.0	1,000.0	1,900.0	1,900.0
USDP FTE'S		0.0			10.0		
PN FTE'S (USDP)		0.0			10.0		
US PBC FTE'S (USDP)		0.0			0.0		
PN PBC FTE'S (USDP)		0.0			0.0		
OTHER CONTRACT FTE'S (USDP)		0.0			1.0		



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AB000 COSTA RICA (00412)		FY 1993 BARE (75%)			FY 1993 TARGET		
(100%) EXPENSE CATEGORY	PLAN OBJ TRONCLASE	DOLLARS	TRUST FUNDS	TOTAL	DOLLARS	TRUST FUNDS	TOTAL
U.S. DIRECT HIRE	U100	74.5	84.8	159.3	88.5	88.5	177.0
OTHER MISSION FUNDED CODE 11	U105 110	0.0	0.0	0.0	0.0	0.0	0.0
EDUCATION ALLOWANCES	U105 120	0.0	84.8	84.8	0.0	88.5	88.5
LIVING ALLOWANCES	U105 130	0.0	0.0	0.0	0.0	0.0	0.0
OTHER MISSION FUNDED CODE 12	U110 120	16.5	0.0	16.5	21.7	0.0	21.7
POST ASSIGNMENT - TRAVEL	U111 212	7.7	0.0	7.7	16.7	0.0	16.7
POST ASSIGNMENT - FREIGHT	U112 200	22.3	0.0	22.3	24.2	0.0	24.2
HOME LEAVE - TRAVEL	U113 212	17.5	0.0	17.5	17.5	0.0	17.5
HOME LEAVE - FREIGHT	U114 200	0.5	0.0	0.5	0.5	0.0	0.5
EDUCATION TRAVEL	U115 212	0.0	0.0	0.0	4.8	0.0	4.8
R AND R TRAVEL	U116 212	0.0	0.0	0.0	0.0	0.0	0.0
OTHER CODE 212 TRAVEL	U117 212	1.5	0.0	1.5	5.1	0.0	5.1
P. N. DIRECT HIRE	U200	0.0	204.3	204.3	0.0	204.3	204.3
BASIC PAY	U201 114	0.0	188.1	188.1	0.0	171.8	171.8
OVERTIME, HOLIDAY PAY	U202 110	0.0	0.4	0.4	0.0	0.0	0.0
ALL OTHER CODE 11 - PN	U203 110	0.0	0.0	0.0	0.0	1.8	1.8
ALL OTHER CODE 12 - PN	U204 100	0.0	20.1	20.1	0.0	20.1	20.1
REVIEW/TS FORMER PN PERSONNEL	U205 120	0.0	7.8	7.8	0.0	0.0	0.0
CONTRACT PERSONNEL	U300	382.0	1,133.8	1,455.8	480.5	1,277.8	1,732.4
U.S. PSC - SALARY/BENEFITS	U302 113	284.8	0.0	284.8	418.5	0.0	418.5
ALL OTHER U.S. PSC COSTS	U303 200	30.0	0.0	30.0	41.8	0.0	41.8
F.N. PSC - SALARY/BENEFITS	U304 113	0.0	880.2	880.2	0.0	1,082.0	1,082.0
ALL OTHER F.N. PSC COSTS	U305 200	0.0	88.3	88.3	0.0	28.9	28.9
MANPOWER CONTRACTS	U306 200	0.0	20.3	20.3	0.0	126.0	126.0
HOUSING	U400	75.1	44.4	119.5	104.7	60.7	215.4
RESIDENTIAL RENT	U401 220	75.1	0.0	75.1	100.5	0.0	100.5
RESIDENTIAL UTILITIES	U402 200	0.0	22.0	22.0	0.0	48.2	48.2
MAINTENANCE AND RENOVATION	U403 200	0.0	1.0	1.0	0.0	1.0	1.0
QUARTERS ALLOWANCE	U404 127	0.0	0.0	0.0	0.0	0.0	0.0
SECURITY GUARD SERVICES	U407 204	0.0	11.4	11.4	0.0	14.5	14.5
OFFICIAL RESIDENCE ALLOWANCE	U408 204	2.9	0.0	2.9	3.8	0.0	3.8
REPRESENTATION ALLOWANCES	U409 200	1.9	0.0	1.9	1.2	0.0	1.2
OFFICE OPERATIONS	U500	86.5	418.8	485.3	188.3	338.8	545.1
OFFICE RENT	U501 224	0.0	0.0	0.0	0.0	0.0	0.0
OFFICE UTILITIES	U502 224	0.0	100.0	100.0	0.0	120.0	120.0
BUILDING MAINT./RENOVATION	U503 200	0.0	3.2	3.2	0.0	3.2	3.2
FURNITURE/VEH REPAIR/MAINT.	U504 200	0.0	42.0	42.0	0.0	30.0	30.0
COMMUNICATIONS	U505 220	0.0	88.0	88.0	0.0	88.0	88.0
SECURITY GUARD SERVICES	U510 204	0.0	85.8	85.8	0.0	86.7	86.7
PRINTING	U511 240	0.0	0.0	0.0	0.0	0.0	0.0
SITE VISIT - MISSION PERSONNEL	U512 210	15.0	0.0	15.0	20.0	0.0	20.0
SITE VISIT - AID PERSONNEL	U514 210	7.0	0.0	7.0	25.2	0.0	25.2
INFORMATION MEETINGS	U515 210	2.0	0.0	2.0	4.5	0.0	4.5
TRAINING ATTENDANCE	U516 210	0.0	0.0	0.0	0.0	4.5	4.5
CONFERENCE ATTENDANCE	U517 210	7.0	0.0	7.0	10.0	0.0	10.0
OTHER OPERATIONAL TRAVEL	U518 210	2.5	0.0	2.5	3.7	0.0	3.7
SUPPLIES AND MATERIALS	U519 200	25.0	100.0	125.0	0.0	118.5	118.5
PAID	U520 207	0.0	20.0	20.0	0.0	20.0	20.0
CONTRACT - CONSULTING SVCS.	U521 200	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACT MGT./PROP. SVCS.	U522 200	0.0	0.0	0.0	0.0	0.0	0.0
SPEC STUDIES/ANALYSIS - CONT.	U523 200	0.0	0.0	0.0	0.0	0.0	0.0
ASP HARDWARE LEASE/MAINT.	U524 200	0.0	0.0	0.0	0.0	0.0	0.0
ASP SOFTWARE LEASE/MAINT.	U525 200	0.0	0.0	0.0	0.0	0.0	0.0
TRANSF/FREIGHT - ALL US00	U526 200	0.0	0.0	0.0	0.0	0.0	0.0
ALL OTHER CODE 20	U527 200	0.0	0.0	0.0	24.7	10.8	41.3
NEP PROCUREMENT	U600	103.2	0.0	103.2	104.0	0.0	104.0
VEHICLES	U601 212	88.0	0.0	88.0	48.5	0.0	48.5
RESIDENTIAL FURNITURE	U602 211	11.2	0.0	11.2	3.0	0.0	3.0
RESIDENTIAL EQUIPMENT	U603 211	0.0	0.0	0.0	10.0	0.0	10.0
OFFICE FURNITURE	U604 210	2.0	0.0	2.0	4.0	0.0	4.0
OFFICE EQUIPMENT	U605 210	2.0	0.0	2.0	3.0	0.0	3.0
OTHER EQUIPMENT	U606 210	3.0	0.0	3.0	0.0	0.0	0.0
ASP HARDWARE PURCHASES	U607 210	81.0	0.0	81.0	88.0	0.0	88.0
ASP SOFTWARE PURCHASES	U608 210	7.0	0.0	7.0	10.0	0.0	10.0
TRANSPORT - ALL US00	U609 200	10.0	0.0	10.0	10.0	0.0	10.0
TOTAL OPERATING EXPENSE BUDGET		767.3	1,472.7	2,240.0	876.0	2,209.8	2,176.0
LESS PAID	U600 207	0.0	20.0	20.0	0.0	20.0	20.0
GRAND TOTAL OF OE EXPENSE BUDGET		767.3	1,492.7	2,260.0	876.0	2,179.8	2,196.0
US00 FTE'S		0.0			0.0		
PNCH FTE'S (US00)		4.0			4.0		
US PSC FTE'S (US00)		0.0			3.0		
FN PSC FTE'S (US00)		84.0			84.0		
OTHER CONTRACT FTE'S (US00)		1.0			1.0		

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USAID / COSTA RICA FY 1995 ABS [ANNUAL  
BUDGET SUBMISSION] : MISSION DIRECTOR'S  
COSTA RICA  
ANNUAL BUDGET SUBMISSION (ABS)

PD-ABK-409  
1 OF 1 (24X)  
1993